



Independent Electrical Contractors of New England, Inc.

Testimony
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Labor and Public Employees Committee
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The Independent Electrical Contractors of New England (IEC-NE) strongly opposes SB-181, which would extend the state's prevailing wage requirements to private construction projects.

By extending the prevailing wage requirements to private construction projects receiving financial assistance from the state, SB-181 will take jobs away from **Connecticut's independent contractors, which tend to be small or midsize companies**. Connecticut's small and midsize contractors simply cannot shoulder the administrative and financial burden associated with paying prevailing wages on private construction projects.

The prevailing wage rate is generally substantially higher than the market rate, resulting in significantly higher costs for state and local projects. The prevailing wage is an hourly wage paid to the worker plus fringe benefits (such as a pension and health insurance). If the employer does not provide benefits, the amount of the benefit must go to the worker as additional pay. The hourly benefit rate is often close to or more than 50% of the required hourly wage. For example, the prevailing wage rate for electrical workers is \$35.70 plus a \$21.52 hourly benefit, for a total prevailing wage hourly cost of \$57.22.

This wage rate effectively shuts out small and midsize contractors from competing for work on state and federally funded construction jobs. Since a significant number of employers in the trades are eligible for apprenticeship training tax credits – a policy aimed at encouraging employers to hire and train apprentices for high skill jobs – SB-181 would essentially extend the prevailing wage requirements to private construction projects across the board.

In-state small and midsize contractors could not afford to work on construction projects subject to prevailing wage standards. As a result, by extending the prevailing wage mandate to private construction projects, SB-181 will very likely lead to further job losses.

Economic development incentives are designed to encourage employers to expand or relocate to Connecticut – to let employers know that Connecticut is a good place to do business. **SB-181 undermines the progress that Connecticut has recently made in adopting a pro-jobs agenda. IEC-NE therefore urges lawmakers to reject SB-181 and, instead, help Connecticut-based small contractors compete for jobs by updating the prevailing wage thresholds on state and federally funded projects to reflect current market prices.** These thresholds have not been increased for approximately 20 years.